



CITY OF VANCOUVER
PLANNING DEPARTMENT



REPORTS TO COUNCIL

SUBJECT: Federation of Canadian Municipalities
Housing Initiatives

DATE: April 30, 1985

COMMITTEE ACTION:

On May 9, 1985, the Standing Committee of Council on Community Services had for its information a Manager's Report dated April 30, 1985 (on file) in which the Director of Planning reported on Vancouver's participation in housing initiatives being taken, on behalf of all cities, by the Federation of Canadian Municipalities.

The Director reported that in response to a resolution passed at the 1984 FCM conference, a 14-member committee has been established as a task force on housing. The City of Vancouver is represented by the Mayor and Dr. Ann McAfee of the Planning Department. In December 1984, the FCM Housing Task Force prepared a position paper on the future of social housing programs. The position paper emphasizes the following four principles:

- The provision of social housing is a public responsibility.
- Cities are already actively involved in the delivery of social housing; this contribution should be recognized and enhanced.
- Cities require program stability, predictability, and legislative capability if they are to effectively deliver social housing.
- Cities can make a significant contribution to the development of housing policy and programs if they have a place at the negotiation table.

A brief overview of the rationale for the four principles was attached to the report.

The Director advised that Vancouver task force members supported an expanded role for cities in policy and program development; however, they also recommended that delivery of social housing be broadly defined to include an enhanced role for a variety of local non-market providers, including cities, regional housing corporations, non-profit and co-operative groups.

The FCM National Board of Directors has adopted the position paper as the Federation's stance and has presented it to the Federal Minister responsible for housing.

A consultation paper on housing which was published by the Government of Canada in January 1985, was responded to by the FCM Task Force, a copy of which was attached to the report. The Director was encouraged that the FCM's response was similar to that of other private sector organizations.

The Director pointed out the Federal Government is reviewing responses to the consultation paper and concurrently, Federal and Provincial officials are preparing recommendations on social housing to be presented at a Housing Minister's meeting in July 1985. The FCM has not been invited to participate in these deliberations. Preliminary indications lead the Planning Department to believe that, as a result of the Federal-Provincial bi-lateral negotiations, the Province will assume increased responsibility for social housing policy development and program delivery. The objectives are to rationalize the ongoing Federal commitment to housing (Canada Mortgage & Housing Corporation) and to improve the fit between housing programs and area specific housing needs. In anticipation of this move, Provincial officials have met with City staff and recommended establishing a city-province housing committee to assist the Province in developing new program directions.

In conclusion, the Director reported the Task Force will continue to encourage senior governments to consider a City perspective in revisions to the National Housing Act.

Dr. Ann McAfee reviewed the report, noting that the new Federal Government's consultative process, which includes asking the City what should happen in the housing market, is well under way. Also, Vancouver is fortunate in that it deals directly with the Federal Government for social housing unit allocations. Other cities complain about having to deal directly with the Province. To date, the City of Vancouver has not submitted a policy for a housing program.

The Committee felt that including three levels of government in the housing initiative program will be ineffective and reiterated its desire to see the City continue to deal directly with the Federal Government. Also, the City should clarify general housing issues rather than only addressing social housing needs. It was further mentioned that more Federal financing in the form of CMHC mortgages is required, as well as in-depth subsidies from the Province. Increased involvement at the municipal level is needed so that Vancouver can target housing programs that specifically meet its needs. It was unanimously agreed that the City should submit a brief to the upcoming FCM conference, outlining the foregoing points.

Attention was drawn to a letter (previously distributed to the Committee) from the FCM dated April 23, 1985, concerning the possible demise of the Residential Rehabilitation Assistance Program (R.R.A.P.). Dr. Ann McAfee explained that the Planning Department does not have any knowledge or feeling that this will be taking place; in fact, the 1985 allocation for R.R.A.P. has already been received. The Committee expressed its support of the program. Dr. McAfee agreed to provide answers to some queries raised about R.R.A.P. and the cost of delivery systems.

The Committee recommended

- A. That the Manager's Report dated April 30, 1985, on the Federation of Canadian Municipalities Housing Initiatives, be received for information.
- B. That the Directors of Planning and Social Planning prepare a brief, for submission to the FCM Conference in June 1985, outlining the City's position on housing programs, including points raised during the foregoing discussion. This brief is to be submitted direct to Council for review and approval.

CITY COUNCIL ACTION:

Extract from the minutes of the Vancouver City Council meeting May 28, 1985.

As requested by the Committee, the City Manager in a report, dated May 27, 1985, submitted a position paper prepared by the Directors of Planning and Social Planning stating Vancouver's recommendations on future housing programs for consideration at the FCM 1985 Annual Meeting. The paper focuses on the needs of households least able to obtain adequate and affordable market housing and makes recommendations on social housing programs, targets and funding requirements.

Staff submitted for Council's consideration adoption of the draft position paper as a City of Vancouver statement on future social housing directions and distribution of the paper at the FCM 1985 Annual Meeting.

In his report, the City Manager doubts whether the FCM will distribute the paper at this late date, particularly one dealing with the perspective and statistics of one municipality.

The Mayor suggested that it would be more appropriate for Council to forward the position paper to the FCM Housing Task Force.

Moved by Alderman Eriksen, that the recommendations of the Committee, as contained in clause 2 of this report, be approved.

- Carried unanimously -

Moved by Alderman Eriksen,

- A. That Council adopt the draft position paper as a City of Vancouver statement on future housing directions.
- B. That this paper be distributed to the FCM Housing Task Force.

- Carried unanimously -

OTHER:

MANAGER'S REPORT

DATE April 30, 1985

TO: Standing Committee of Council on Community Services
SUBJECT: Federation of Canadian Municipalities Housing Initiatives

CLASSIFICATION: INFORMATION

The Director of Planning reports as follows:

PURPOSE

On March 5, 1985, Council approved a recommendation that the City, through the Office of the Mayor, discuss with provincial and federal representatives the future of federal housing programs and the possible role of the City and report back as to progress and implications. Several initiatives are underway. At the request of the Mayor, the Director of Planning is reporting on Vancouver's participation in housing initiatives being taken, on behalf of all cities, by the Federation of Canadian Municipalities.

BACKGROUND

At the 1984 Federation of Canadian Municipalities conference members passed a resolution to establish a task force on housing. The task force was asked to prepare policy statements and program proposals for approval by FCM. The task force terms of reference are outlined in Appendix I.

A fourteen person committee consisting of politicians and support staff has been established. The City of Vancouver is represented by Mayor Michael Harcourt and Dr. Ann McAfee of the Planning Department.

To date, the committee has:

- Prepared a position paper on the future of social housing programs;
- Responded, on behalf of FCM, to the January 1985 Government of Canada Consultation Paper on Housing;
- Consulted other housing organizations on shared objectives and future initiatives.

This report describes these activities. Copies of the FCM Position Paper on the Future of Social Housing Programs and the FCM response to the federal consultation paper, referred to in this report, are attached (see Appendices II and III).

FCM POSITION PAPER ON THE FUTURE OF SOCIAL HOUSING PROGRAMS

In December, 1984, the FCM Housing Task Force prepared a position paper on the future of social housing programs. The position paper emphasizes four principles:

- The provision of social housing is a public responsibility;
- Cities are already actively involved in the delivery of social housing -- this contribution should be recognized and enhanced;
- Cities require program stability, predictability, and legislative capability if they are to effectively deliver social housing;
- Cities can make a significant contribution to the development of housing policy and programs if they have a place at the negotiation table.

A brief overview of the rationale for the four principles is attached as Appendix IV.

In developing the FCM position there was considerable discussion on municipal involvement in the delivery of social housing. Some cities, particularly those with large municipal non-profit housing corporations, advocated an expanded role for cities. Vancouver task force members, while supporting an expanded role for cities in policy and program development, recommended that delivery of social housing be broadly defined to include an enhanced role for a variety of local non-market providers including cities, regional housing corporations, non-profit, and cooperative groups.

The FCM National Board of Directors has adopted the position paper as the Federation's stance and has presented it to the Honourable William McKnight, federal minister responsible for housing.

FCM RESPONSE TO THE FEDERAL CONSULTATION PAPER ON HOUSING

In January, 1985, the Government of Canada published a consultation paper on housing. The consultation paper describes three challenges:

- Define the role governments should play in housing;
- Identify how governments should discharge their role and set priorities for housing expenditures;
- Identify housing programs which effectively meet intended (multiple) objectives.

The Federal challenges and the FCM response are outlined in Appendix V.

In addition to the FCM, other private sector, public, and non-market organizations submitted responses. What is encouraging about these responses is the similarity between what is being said by the FCM and by private sector organizations such as the Urban Development Institute.

Common themes include:

- Concern about the recession, increasing the public debt, and a realization that changing economics and demographics are resulting in changes to housing markets which require new policy directions;
- Recommendations to reduce public intervention in the housing market, to improve targeting of public funds to those most in need, and to ensure programs are responsive to local markets;
- Need for on-going dialogue between three levels of government and the private sector to ensure that housing policies are consistent with local and regional needs.

There were some differences in emphasis between FCM and private sector briefs. These included:

- The FCM response focussed on issues which most directly affect municipalities while the private sector submissions placed more emphasis on recommendations to ensure adequate and appropriate supplies of mortgage credit;
- The private sector recommends building social housing developments as small infill projects targeted to low-income households with income mix achieved at the neighbourhood (rather than project) level, while the FCM proposal includes provision for both small, low-income, projects (providing adequate support services are available in the immediate neighbourhood) and for developments which permit some income-mix;
- Both the FCM and private sector briefs recommend developing detailed housing policy and program implementation downward to ensure programs respond to local markets but the FCM stresses the role municipalities can and should play in housing while the private sector briefs emphasize the role of provinces;

- The UDI brief recommends reducing long-term public sector social housing commitments by selling some of the existing public housing stock but the FCM recommends retaining the existing non-market stock and using accumulated equity to leverage funds for new social housing.

Despite these differences, the overall messages presented by public and private sector respondents indicate many shared objectives. Mayor Harcourt has been encouraging the federal government to host a meeting of the key actors to confirm shared directions and resolve differences.

The FCM response to the federal consultation paper was forwarded to the Minister, on March 11, 1985. FCM representatives met with the Minister on March 25, 1985 to discuss the response.

FUTURE SOCIAL HOUSING PROGRAMS

The federal government is reviewing responses to the consultation paper. Concurrently, federal and provincial officials are preparing recommendations on social housing to be presented at a Housing Minister's meeting in July 1985. The FCM has not been invited to participate in these deliberations.

Under existing programs, the City of Vancouver and local non-market sponsors negotiate directly with the federal government (CMHC) for family non-profit and cooperative social housing unit allocations and with the province for seniors' housing. Preliminary indications are that, as a result of the federal-provincial bi-lateral negotiations, the province will assume increased responsibility for social housing policy development and program delivery. The objectives are to rationalize the ongoing federal commitment to housing and to improve the fit between housing programs and area specific housing needs.

In anticipation of increased provincial responsibility for housing, senior officials from the B.C. Department of Lands, Parks, and Housing met with City staff on April 18, 1985 to discuss new directions. Provincial officials recommended establishing a city-province housing committee to assist the province in developing new program directions.

FUTURE FCM INITIATIVES

The FCM task force has reviewed existing information on housing need. Considerable data is available. However, some updated analysis--on the need for non-market housing; how this need varies by market area; actions required to make the existing stock of housing sound and affordable; existing program gaps; the effectiveness of existing municipal, provincial, and federal program delivery arrangements; and alternative ways to finance social housing -- would assist the process of developing feasible programs. The FCM Board of Directors has asked members of the housing task force technical committee, in consultation with the Canadian Association of Housing and Renewal Officials, to recommend a work program.

CONCLUSION

This report is submitted by the Director of Planning, at the request of the Mayor, to advise Council on the activities of the FCM Housing Task Force. The Task Force has prepared several reports on behalf of cities and will continue to encourage senior governments to consider a city perspective in revisions to the National Housing Act. Locally, the City of Vancouver and the Province of British Columbia have agreed to consult on new program directions. "

The City Manager submits the foregoing report of the Director of Planning for INFORMATION.

APPENDIX I: TERMS OF REFERENCE

FCM HOUSING TASK FORCE

Terms of reference adopted in March 1984:

- o Establish working relationships with C.M.H.C., provincial, and municipal housing associations, and other housing organizations such as the Canadian Home Builders Association;
- o Develop "interim reports" in response to studies, policy proposals, and programs dealing with housing issues of concern to municipalities;
- o Identify gaps in existing information on housing programs and policies of concern to municipalities, and propose a program of research to fill them;
- o On the basis of this research, and the positions put forward in the interim reports, develop policy statements and program proposals for approval by FCM.

APPENDIX II: FCM POSITION PAPER ON THE
FUTURE OF SOCIAL HOUSING PROGRAMS

The FCM position paper on the future of social housing programs is based upon four principles:

- o Providing social housing is a public responsibility. The commitment to provide affordable housing to Canadians in need of assistance is a responsibility of all levels of government. This can best be accomplished by developing a "kit" of programs from which cities can select the package of actions best suited to their needs.
- o Cities should play a significant role in the delivery of social housing. Social housing delivery is most sensitive to the community's needs and housing market conditions when implementation is a local responsibility. Cities already make a substantial contribution to social housing. This contribution should be recognized and could even be expanded to acknowledge cities and locally-based organizations as appropriate and primary social housing delivery agents.
- o Cities require stability, predictability, and the capability to deliver social housing. Cities are placed in a position of serious financial risk due to the timing and unpredictability of housing programs. Increased lead time on program commitments would introduce more certainty into planning for housing at the local level.
- o Cities can make a significant contribution to the development of housing policy and programs if they have a place at the bargaining table. In spite of the growing significance of cities as social housing providers, senior governments do not consult cities in any meaningful way on housing policy and program development. Intergovernmental and public/private sector cooperation is essential if the municipal contribution to social housing is to be effective and expanded. This requires a commitment by senior governments to involve the FCM as an active participant in housing policy and program development.

The FCM position paper expands on the rationale for more local involvement in the delivery of social housing and outlines examples of the variety of programs cities may wish to draw upon.

APPENDIX III: THE FEDERAL CONSULTATION PAPER AND THE FCM RESPONSE

The Federal Consultation Paper on Housing, tabled in January 1985, describes three challenges:

- o Define the role governments should play in housing;
- o Identify how governments should discharge their role and set priorities for housing expenditures;
- o Identify housing programs which effectively meet intended (multiple) objectives.

The FCM responded to these challenges. In prefacing its response, the FCM noted that, for the most part, the consultation paper assumes that the primary public sector actors are the federal and provincial governments. The role cities already play in the delivery and funding of housing and in providing support infrastructure is largely ignored. The FCM paper contends that discussions on the role of governments will be more productive if all levels of government (and the private sector) are consulted on solutions and acknowledged to be sharing the responsibilities of implementation. The FCM response to the federal consultation paper focuses on those topics which most directly affect municipalities.

Challenge 1: Define the role governments should play in housing.

The Federal Consultation paper:

- o States that housing programs have been used to assist those in need, to address private sector problems (e.g. mortgage security), and stimulate the economy (job creation);
- o Asks whether these should continue to be the key objectives of government policy given that governments are concerned about escalating and long-term debt obligations.

FCM response

- o The most suitable role for senior governments is to provide, in consultation with local governments, resources (e.g. funding, program design, and regulation) to assist cities and other locally-based providers of housing to deliver housing programs and ancillary support services.
- o Housing policies should set as their primary objective ensuring a sufficient supply of adequate and affordable housing.
- o Job creation is a secondary, but still extremely important, aspect of housing activities with construction, renovation, and conversion providing short-term employment and maintenance and management creating permanent jobs.

Challenge 2: Identify how governments should discharge their roles and set priorities for housing expenditures.

The Federal Consultation paper states that:

- o Federal housing programs have assisted low-income households, renters, first-time home buyers, homeowners facing mortgage renewal difficulties, those wishing to repair or renovate, and those with special needs;
- o Each expenditure, taken alone, can be justified on social or economic grounds, but as a whole they have created the impression that programs are not well targeted to fundamental housing problems;
- o Some have argued that the support of rental production, mixed income social housing developments, grants for home-buyers, and other market stimulus programs are necessary to offset the symptoms of more basic problems. Others have argued that they have been made at the expense of assistance targeted to those most in need.

The Federal Government then asks:

- o "Should the focus of government expenditure programs be on the social aspects of housing?"

FCM response

- o The goal of housing programs should be to assist those who cannot afford adequate shelter -- given limited funds, lower priority should be given to programs to assist homeownership (other than in some rural areas) and private sector rental housing.

Challenge 3: Identify housing programs which effectively meet intended (multiple) objectives.

The Federal Consultation paper:

- o Describes the multiple objectives of housing programs;
- o Asks for advice on programs which are effective in meeting their objectives.

FCM response

- o The FCM paper acknowledges that programs must meet a variety of needs and multiple objectives and stresses that no one program, administered centrally, can address all concerns -- rather, solutions should be sought over the long-term and through a mix of initiatives adaptable to local market conditions.
- o The federal government should be wary of opening new ground. By-and-large, existing non-market housing programs already meet many desirable social objectives -- existing programs should be adjusted rather than replaced.

The FCM paper suggests several ways to improve the effectiveness of social programs.

- o Retain the existing Section 56.1 (or a similar) mixed-income social housing program but modify the program to improve targeting to lower-income people and generate funds to reinvest in additional non-market stock by:
 - Remortgaging the existing social housing stock to access accumulated equity;
 - Requiring that, as project rents become more affordable, households who can afford to do so contribute toward the repayment of housing assistance.
- o Reintroduce some public (100 percent rent-geared-to-income) housing built as small projects for special needs groups and in areas where there is a predominance of these most in need.
- o Consider a limited rent supplement/shelter allowance program in housing markets with a high vacancy rate or for low-income people who are adequately housed but in need of assistance however recognizing that a shelter allowance program should be viewed as one component in a package of programs because of its limited ability to address housing adequacy and its potential inflationary impact.
- o Maintain a limited homeownership assistance program to be used only in areas where there is no rental stock available or where this approach is most cost effective.

- o Retain programs to preserve and improve the existing housing stock by modifying existing programs to:

Reduce the public outlay by assisting homeowners with equity to use their funds to maintain their home;

Redirect public monies to place increased emphasis on making more effective use of existing housing through "intensification" (e.g. conversion and infill) to accommodate more households in the existing stock and make more efficient use of existing infrastructure.

- o Include cities as active participants in the process of redesigning housing policy and programs because a local perspective on housing needs will assist in targetting limited funds toward the resolution of housing problems.